Aurelia Energy N.V.

Quarterly report

For the period ended September 30, 2023

FPSO Bleo Holm

Results and main developments nine-month period ended September 30, 2023

Third quarter results

The net result after tax for the nine-month period ended September 30, 2023 amounted to a profit of U.S.$7.8 million compared to a profit of U.S.$27.0 million for the nine-month period ended September 30, 2022. EBITDA for the nine-month period ended September 30, 2023 was U.S.$57.2 million compared to U.S.$70.6 million for the nine-month period ended September 30, 2022. The financial results for the nine months of 2023 were mainly impacted by the following items:

The SPM division generated a loss of U.S.$0.3 million EBITDA in the third quarter of 2023, resulting in U.S.$4.1 million EBITDA for the nine-month period ended September 30, 2023 compared to U.S.$0.6 million EBITDA for the nine-month period ended September 30, 2022. In both the first nine-months of 2023 as well as the first nine-months of 2022 contributors to the SPM EBITDA are several EPC projects. In the first nine-months of 2023 the progress on the projects developed as planned.

The EBITDA for the FPSO division in the third quarter of 2023 amounted to U.S.$21.8 million, resulting in U.S.$66.1 million EBITDA for the nine-month period ended September 30, 2023 compared to U.S.$75.5 million EBITDA for the nine-month period ended September 30, 2022. The U.S.$9.4 million decrease in EBITDA compared to the nine-months of 2022 was mainly driven by a U.S.$7.2 million decrease in EBITDA for the FPSO Aoka Mizu. The tariff income of FPSO Aoka Mizu decreased as a result of a lower average oil price in the first nine-months of 2023 compared to the first nine-months of 2022. EBITDA for FPSO Haewene Brim decreased with U.S.$4.4 million as a result of a decrease in the facility fee which is related to the new POSA and, to larger extent, tariff driven. Unforeseen technical consequences have resulted in a lower production than expected during the first nine-months of 2023. After the production commenced again at the end of the second quarter, new technical issues were discovered. The occurred situation forced client to suspend production. From August 24 production ceased again and remains so far offline. During a check-up it was discovered that 2 of the mooring legs were no longer properly secured to the buoy and production was halted. In order to be able to resume production again at least one of the connections needs to be repaired. Currently we are waiting for a weather window so divers can fix the connection of one mooring leg. The other mooring leg is laid down on the sea bed to fix around spring next year. We currently expect production ramp up to start in December. The decreases in EBITDA were offset by a U.S.$3.9 million increase in EBITDA for the FPSO Bleo Holm. The contract with client is to a larger extent tariff driven and has a base rate during maintenance periods. Production in the first nine-months of 2023 was on a higher level compared with the same period in 2023 due to repair and maintenance of the vessel in 2022. Production of FPSO Bleo Holm resumed on May 13, 2022. Finally the FPSO tender costs increased U.S.$1.1 million in the nine-months of 2023 compared to the nine-months of 2022. Tender activities increased significantly and resulted in various (FEED)studies, which are partly paid by clients.

During the nine-month period ended September 30, 2023, unallocated expenses amounted to U.S.$13.0 million, compared to U.S.$5.5 million unallocated expenses for the nine-month period ended September 30, 2022. This mainly resulted from lower project activity and lower utilisation of engineering and project management staff in in the nine-months of 2023 compared to the nine-months of 2022.

Depreciation and amortization expenditure in the nine-month period ended September 30, 2023 amounted to U.S.$24.4 million compared to U.S.$24.9 million for the nine-month period ended September 30, 2022. This U.S.$0.5 million decrease was driven by a U.S.$0.5 million decrease in depreciation costs of FPSO Haewene Brim, being now fully depreciated to residual value.

Finance expenses were U.S.$4.8 million higher compared to the previous year, at U.S.$26.7 million versus U.S.$21.9 million for the nine-month period ended September 30, 2022. The finance costs are mainly driven by the Unsecured Bond which was issued by the company, effective November 10, 2022. The interest costs of the unsecured bond increased with U.S.$5.5 million in the first nine-months of 2023, at U.S.$20.7 million versus U.S.$15.5 for the same period in 2022. Amortized debt arrangement fees for the Bond increased with U.S.$1.0 million, at U.S.$4.6 versus U.S.$3.6 million for the first nine months of 2022. The RCF interest expense decreased with U.S.$1.7 million, from U.S.$1.7 million in the first three quarters of 2022 to nil in the first nine months of 2023. The RCF remained undrawn during the year 2023. Amortization cost of the debt arrangement fees for the RCF decreased with U.S.$0.6 million and other finance expenses increased with U.S.$0.6 million compared with the first nine months of 2022. The other finance expenses is including a U.S.$0.5 million commitment fee for the RCF.

Currency exchange results were U.S.$2.2 million negative in the nine-month period ended September 30, 2023 compared to U.S.$5.4 million positive in the nine-month period ended September 30, 2022. The decrease in the value of the Euro against the U.S. Dollar and the volatility of the Pound Sterling has led to negative exchange results in the nine-month period ended September 30, 2023. The currency exchange rate moved from EUR/USD 1.07 and GBP/USD 1.20 at the beginning of the year to EUR/USD 1.06 and GBP/USD 1.23 at the end of the nine-month period ended September 30, 2023. Because the Company's revenues are primarily denominated in U.S. dollar and a part of the expenses are in EUR and GBP, the Company is exposed to fluctuations in foreign currency exchange rates. The Company only hedges part of the currency exposure.

Income tax expense for the nine-month period ended September 30, 2023 amounted to U.S.$3.9 million income tax income versus U.S.$2.2 million expense tax expense for the nine-month period ended September 30, 2022. The U.S.$3.9 million income tax expense in the nine-month period ended September 30, 2023 relates to an increase of the deferred tax assets of U.S.$3.4 million plus a reassessment of U.S.$0.9 million Dutch corporate tax for the fiscal year 2022 and which was accrued in 2022. U.S.$0.4 million income tax expense has been accrued in relation to provisions for foreign taxes. The U.S.$3.4 million increase of the deferred tax assets is the result of additional tax losses carry forward in combination with an increase related to "earning stripping" rules.

Other developments

In recent times the company have seen a strong increase in interest in its FPSO's. This has led to a paid pre-FEED for an oil field near Ivory Coast and a pre-FEED for an oil field in Malaysia in the first quarter of 2023.

In the second quarter of 2023 Bluewater has been rewarded with a pre-FEED study contract with a value of GBP 1.4 million from a client for the FPSO Aoka Mizu.

In the second quarter of 2023 Bluewater has been rewarded with a pre-FEED study contract with a value of USD 1.4 million from a client for the FPSO Glas Dowr. Recently we were informed by the client that they decided not to enter in a FEED contract. Other parties have expressed their interest for the FPSO Glas Dowr which may result in a pre-FEED and FEED contract.

In the second quarter of 2023 Bluewater has been rewarded with three study contracts with a value of USD 0.7 million from clients for a Turret Mooring System, a Single Point Mooring system and a FPSO relocation study.

In the third quarter, Bluewater has been rewarded with a contract with a client for the engineering, procurement and construction a Calm Buoy. The contract value is U.S.$13.6 million and delivery will take place in the last quarter of 2024.

On October 15, 2023 a Memorandum of Understanding (MoU) has been signed with a client for the possible charter of the FPSO Aoka Mizu. The MoU comprise a Definition Study and FEED. Furthermore it sets out the conditions under which a contract can be concluded.

General information

Aurelia Energy N.V. (“the Company”) is the holding company of the Bluewater group (Bluewater), a specialized service provider to, and operator in, the offshore oil industry. Bluewater designs, develops, owns and operates floating production storage and offloading units (“FPSOs”), provides auxiliary equipment and services to FPSOs and designs, develops, performs project management and constructs single point mooring systems (“SPMs”).

An FPSO is a type of floating production unit used by oil companies to produce, process, store and offload hydrocarbons from offshore fields. FPSOs are either newly built or converted tankers upon which production equipment is mounted. The fluids (oil, gas and water) are processed on board the FPSO vessel, and the treated crude oil is stored before being exported to an off take system utilizing shuttle tankers. Bluewater’s fleet of FPSOs is involved in the production, rather than the exploration or drilling phase of oil field development. The FPSOs are leased to oil companies under medium- and long-term service contracts or bareboat contracts.

SPMs are used to transfer fluids to and from a floating production unit, an offshore storage vessel or shuttle tanker while securing the unit, vessel or tanker to the ocean floor. Most SPMs consist of an anchoring system that is connected to the ocean floor and a fluid transfer system that permits the transfer of fluids between fixed and rotating parts of the mooring system. SPMs are generally developed and constructed for oil companies and contractors.

Revenues are earned from day rates consisting of a fixed facility fee and a compensation for operating the FPSO pursuant to leases with oil companies, supplemented from time to time with fees based on volumes of produced barrels of oil. Additionally, revenues are earned on a lump-sum or reimbursable basis from the design, engineering, procurement and management services that are provided in the various FPSO and SPM projects being managed.

FPSO and SPM projects are being managed from the initial design and engineering phase to final installation. Further, Bluewater engages subcontractors in the fabrication of FPSOs, SPMs and auxiliary equipment.

Condensed consolidated interim income statement

For the period ended September 30, 2023

In thousands of U.S.$	***Note***	**September 30, 2023**	**September 30, 2022**
Operating activities			
Revenues	*1*	208,226	423,284
Raw materials, consumables used and other operating costs		(111,397)	(301,944)
Employee benefits expense		(39,679)	(50,768)
EBITDA		57,150	70,572
Depreciation and amortization expense	*2*	(24,423)	(24,909)
Results from operating activities (EBIT)		32,727	45,663
Finance income		87	94
Finance expenses		(26,781)	(22,001)
Currency exchange results		(2,166)	5,413
Net finance expense		(28,860)	(16,494)
Profit before income tax		3,867	29,169
Income tax (expense)/ benefit		3,906	(2,197)
Profit for the period		7,773	26,972

The profit for the period is fully attributable to the shareholder.

The interim financial statements have not been audited

Condensed consolidated interim statement of financial position

In thousands of U.S.$		*Note*	September 30, 2023	December 31, 2022
Assets				
	Property, plant and equipment	*2*	320,395	342,373
	Right-of-use assets	*3*	13,618	15,706
	Intangible assets		976	1,264
	Deferred tax assets		104,773	101,391
Total non-current assets			439,762	460,734
	Inventories		1,445	1,445
	Trade and other receivables		40,878	44,405
	Contract assets		8,132	34,916
	Prepayments for current assets		4,062	3,499
	Cash and cash equivalents		34,757	41,008
Total current assets			89,274	125,273
Total assets			529,036	586,007
Equity				
	Issued share capital		170,000	170,000
	Share premium		198,568	198,568
	Translation reserve		(13,739)	(14,251)
	Other reserves		649	649
	Employee benefits reserve		(18,560)	(17,538)
	Accumulated deficit		(93,194)	(100,967)
Total equity attributable to equity holder of the Company			243,724	236,461
Liabilities				
	Loans and borrowings	*4*	164,964	180,315
	Lease liabilities	*3*	9,645	11,753
	Employee benefits		12,771	13,646
Total non-current liabilities			187,380	205,714
	Loans and borrowings	*4*	40,000	40,000
	Lease liabilities	*3*	2,795	2,2082
	Trade and other payables, including derivatives		50,965	91,025
	Contract liabilities		4,172	10,725
Total current liabilities			97,932	143,832
Total liabilities			285,312	349,546
Total equity and liabilities			529,036	586,007

The interim financial statements have not been audited

Condensed consolidated interim statement of changes in equity

In thousands of U.S.$

	Issued Share Capital	Share Premium	Translation reserve	Other reserves	Employee benefits reserve (IAS 19)	Accumulated deficit	Total equity
Balance at January 1, 2023	**170,000**	**198,568**	**(14,251)**	**649**	**(17,538)**	**(100,967)**	**236,461**
Profit for the period	-	-	-	-	-	7,773	7,773
Movement employee benefits reserve net of tax (IAS 19)	-	-	-	-	(1,022)	-	(1,022)
Foreign currency translation differences	-	-	511	-	-	-	511
Total comprehensive income	-	-	511	-	(1,022)	7,773	7,262
Balance at June 30, 2023	**170,000**	**198,568**	**(13,740)**	**649**	**(18,560)**	**(93,194)**	**243,723**

The interim financial statements have not been audited

Condensed consolidated interim statement of cash flows

In thousands of U.S.$	**September 30, 2023**	**September 30, 2022**
Net cash from (used in) operating activities	17,345	62,177
Net cash from (used in) investing activities	73	(221)
Net cash from (used in) financing activities	(22,713)	(38,162)
Translation effect on cash	(956)	(7,889)
Net increase / (decrease) in available cash and cash equivalents	(6,251)	15,906
Cash and cash equivalents at the beginning of the period	41,008	53,667
Cash and cash equivalents at the end of the period	34,757	69,573

The interim financial statements have not been audited

Notes to the unaudited condensed consolidated interim financial statements

Reporting entity

Aurelia Energy N.V. (“the Company”) has its legal seat in Willemstad (Curaçao). The unaudited condensed consolidated interim financial statements of the Company as at and for the period ended September 30, 2023 comprise the Company and its subsidiaries (together referred to as “the Group” or “Bluewater” and individually as “Group entities”) and the Group’s interest in jointly controlled entities.

Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as applied in the most recent annual financial statements.

Basis of preparation

These unaudited condensed consolidated interim financial statements are presented in thousands of US dollars, which is the Company’s functional currency. All financial information presented has been rounded to the nearest thousand. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies consistent with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS) as applied in the most recent annual financial statements. As of January 1, 2019 the Company implemented IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Details can be found in note 3. The information furnished in the unaudited condensed consolidated interim financial statements includes normal recurring adjustments and reflects all adjustments which are, in the opinion of management, necessary for fair presentation of such financial statements. Although the Company believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these unaudited condensed consolidated interim financial statements be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2021.

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the unaudited condensed consolidated interim financial statements are:

- Revenue recognition on construction contracts based on the percentage of completion method;
- Estimation of the anticipated useful life and future revenues earned with the FPSOs, which along with the discount rate, is the basis for the recoverable amounts of FPSOs;
- Estimation of the realizable amount of tax losses carried forward;
- Potential impact of claims and litigation.

1. Segment information

The disclosure of segment information is consistent with the internal reports in order to assess each segment's performance and to allocate resources to them. Internal reporting is primarily based on business segments since the Company's risks and rates of return are affected primarily by differences in services and products produced.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly employee benefits expense, head office expenses, investments and related revenue and income tax assets and liabilities. For both presented periods there are no inter segment revenues.

	FPSO		SPM		Consolidated	
In thousands of U.S.$	**September 30, 2023**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Total segment revenue	149,162	136,808	59,064	286,476	208,226	423,284
Total cost of operations	(83,098)	(61,334)	(55,018)	(285,853)	(138,116)	(347,187)
Unallocated income/ (expenses)					(12,960)	(5,525)
EBITDA	66,064	75,474	4,046	623	57,150	70,572
Depreciation and amortization	(21,425)	(21,999)	(2,998)	(2,910)	(24,423)	(24,909)
Results from operating activities (EBIT)	44,639	53,475	1,048	(2,287)	32,727	45,663
Net finance costs					(28,860)	(16,494)
Income tax benefit/ (expense)					3,906	(2,197)
Result for the period					7,773	26,972
Segment assets	376,923	436,156	46,363	64,795	423,286	500,951
Unallocated assets					105,749	100,680
Total assets					529,035	601,631
Segment liabilities	237,039	262,519	48,172	108,445	285,211	370,964
Capital expenditure	-	-	14	247	14	247

There are no unallocated capital expenditures in 2022 and 2023.

2. Property, plant and equipment

In thousands of U.S.$	FPSOs	FPSOs held for conversion	Office equip-ment	Total
Cost:				
As at January 1, 2023	1,482,118	552,563	11,995	2,046,676
Additions	-	-	14	14
Disposals	-	-	(69)	(69)
Translation result	-	-	8	24
As at September 30, 2023	1,482,118	552,563	11,948	2,046,629
Accumulated depreciation and impairment losses:				
As at January 1, 2023	1,305,988	391,409	6,906	1,704,303
Depreciation for the period	12,420	8,770	804	21,994
Disposals	-	-	(69)	(69)
Translation result	-	-	6	6
As at September 30, 2023	1,318,408	400,179	7,647	1,726,234
Net book value	163,710	152,384	4,301	320,395

As of September 30, 2023, an amount of U.S.$101,481 (September 30, 2022: U.S.$101,481) relating to capitalized interest is included in the historical cost value of the FPSOs and FPSOs held for conversion. During the periods ended September 30, 2023 and 2022 no interest was capitalized. Depreciation of right of use assets amounted U.S.$2,141 thousand and amortization of intangible assets amounted U.S.$288 thousand for the nine-month period ended September 30, 2023.

3. Leases

The Company leases assets including buildings, vehicles and office equipment. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Cost

In thousands of U.S.$	**Property**	**Vehicles**	**Office equipment**	**Total**
As at January 1, 2023	24,802	943	716	26,461
Additions	-	91	-	91
Disposals	-	(158)	-	(158)
Translation result	(101)	(3)	(3)	(107)
As at September 30, 2023	24,701	873	713	26,287

Accumulated depreciation

In thousands of U.S.$				
As at January 1, 2023	9,833	535	387	10,755
Charge for the year	1,864	168	109	2,141
Disposals	-	(126)	-	(126)
Translation result	(64)	(33)	(4)	(101)
As at September 30, 2023	11,633	544	492	12,669

Carrying amount

In thousands of U.S.$				
As at September 30, 2023	13,068	329	221	13,618

Lease liabilities

Lease liabilities included in the consolidated interim statement of financial position:

In thousands of U.S.$	**September 30, 2023**	**December 31, 2022**
Non-current liabilities		
Lease liabilities	9,645	11,188
Current liabilities		
Lease liabilities	2,795	2,563

4. Loans and borrowings

In thousands of U.S.$	September 30, 2023	December 31, 2022
Non-current liabilities		
Unsecured bond	164,964	180,315
	164,964	180,315
Current liabilities		
Current portion Unsecured bond	40,000	40,000
	40,000	40,000

The amount of the Unsecured bond as per September 30, 2023 amounting to U.S.$165.0 million is the net balance of the U.S.$220.0 million unsecured bond loan, the current portion of U.S.$40.0 million and the current balance of unamortized borrowing costs of U.S.$15.0 million.